

Enrolled
House Bill 4079

Sponsored by Representatives STARK, BUEHLER, KOMP; Representatives DOHERTY, ESQUIVEL,
HUFFMAN, KRIEGER, LIVELY, MCKEOWN, WHISNANT, WILSON (Presession filed.)

CHAPTER

AN ACT

Relating to housing; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 9 of this 2016 Act are added to and made a part of ORS 197.295 to 197.314.

SECTION 2. The Legislative Assembly finds and declares that a supply of land dedicated to affordable housing, planned and zoned to encourage development of affordable housing and protected for affordable housing siting over a long period, is necessary for the economic prosperity of communities in this state.

SECTION 3. The Land Conservation and Development Commission, working with the Housing and Community Services Department, other state agencies and local governments, shall establish and implement an affordable housing pilot program. Notwithstanding any statewide land use planning goal provisions specifying requirements for amending urban growth boundaries, the commission shall adopt rules to implement the pilot program on or before July 1, 2017. The pilot program is intended to:

- (1) Encourage local governments to provide an adequate supply of land within urban growth boundaries that is dedicated to affordable housing;
- (2) Encourage the development of affordable housing on land dedicated to affordable housing; and
- (3) Protect land dedicated to affordable housing from conversion to other uses before or after the development of affordable housing.

SECTION 4. (1) Under the rules adopted under section 3 of this 2016 Act, the Land Conservation and Development Commission shall establish a site selection process by which the commission shall select two pilot projects, one from a city with a population of 25,000 or less and one from a city with a population greater than 25,000, from among nominations made by local governments.

(2) A local government may nominate a pilot project that provides a site dedicated to affordable housing within the jurisdiction of the local government.

(3) When nominating a pilot project for the site selection process, a local government shall:

- (a) Submit a concept plan for the pilot project, including any proposed amendments to the comprehensive plan and land use regulations required to implement the pilot project; and
- (b) Demonstrate that the landowner of the site has agreed to designation of the landowner's property as a pilot project for the purposes of sections 2 to 9 of this 2016 Act.

- (4) The commission shall select pilot projects that are:
- (a) Reasonably likely to provide a site for affordable housing that would not otherwise be provided without the special provisions of the pilot program;
 - (b) Reasonably likely to serve identified populations in the area that require affordable housing;
 - (c) Adjacent to the city's existing urban growth boundary;
 - (d) Near public facilities and services, including roadways and an identified transit corridor to serve the area, or for which public facilities and services are planned and reasonably likely to be provided at a reasonable cost in the near future;
 - (e) Located, planned and zoned to avoid or minimize adverse effects on natural resources and nearby farm and forest uses if the pilot project would require amending an urban growth boundary to include the pilot project site; and
 - (f) Nominated by a local government that demonstrates efforts by the local government to accommodate and encourage the development of needed housing within its existing urban growth boundary.

(5) The following local governments are not eligible for nomination or selection under the pilot program:

- (a) Clackamas, Marion, Multnomah, Polk and Washington Counties and cities within Clackamas, Marion, Multnomah, Polk and Washington Counties;
- (b) Metro and cities and counties included in the Metro urban growth boundary; and
- (c) Local governments within Jefferson County that are served by the North Unit Irrigation District.

SECTION 5. (1) The Land Conservation and Development Commission shall, by rule:

- (a) Define "affordable housing";
- (b) Specify types of affordable housing allowed on pilot project sites, including sites that are used as manufactured dwelling parks;
- (c) Limit the total acreage of all lots and parcels included in each pilot project site to not greater than 50 acres; and
- (d) Specify local government efforts that serve to demonstrate that the local government is accommodating and encouraging development of needed housing within its existing urban growth boundary.

(2) The commission shall specify by rule related requirements for affordable housing that may include a sales price or rental rate range, taking into consideration:

- (a) Housing prices within the region compared to the income of residents of that region;
- (b) The availability of government assisted housing in the region;
- (c) The need for sites to accommodate manufactured dwellings, as defined in ORS 446.003, due to the conversion of manufactured dwelling parks or mobile home parks in the region to other uses; and
- (d) Other relevant factors as identified by the commission.

(3) The commission may adopt rules that authorize mixed income housing developments that include affordable housing on pilot project sites.

SECTION 6. (1) Notwithstanding ORS 197A.320 and without regard to whether an urban growth boundary already contains a 20-year supply of buildable lands, the Land Conservation and Development Commission by rule may establish an expedited process for amending urban growth boundaries to include pilot project sites selected under section 4 of this 2016 Act.

(2) An amendment to an urban growth boundary pursuant to this section must identify the specific goal and rule requirements related to urban growth boundaries from which a local government is exempt for the purpose of implementing the pilot program.

(3) Pilot project sites included within an urban growth boundary amended pursuant to this section must:

- (a) Be dedicated to affordable housing; and

(b) Remain planned and zoned for affordable housing, except as otherwise provided in rules adopted pursuant to section 5 (3) of this 2016 Act.

SECTION 7. (1) The local government of a pilot project site selected by the Land Conservation and Development Commission under section 4 of this 2016 Act shall protect the pilot project site within its urban growth boundary from conversion to other uses before, during and after the development of affordable housing at the pilot project site, except as provided otherwise in rules adopted by the commission under section 5 (3) of this 2016 Act.

(2) The local government of a pilot project site selected by the commission shall ensure that housing developed on the site continues to be used to provide affordable housing for a period of at least 50 years after the selection of the pilot project site through:

(a) Zoning restrictions;

(b) Guaranteed rental rates or sales prices;

(c) Incentives, contract commitments, density bonuses or other voluntary regulations, provisions or conditions designed to increase the supply of moderate or lower cost housing units;

(d) Other regulations, provisions or conditions determined by the local government to be effective in maintaining the affordability of housing on land selected for a pilot project under section 4 of this 2016 Act; or

(e) Restrictive agreements entered into with sources of affordable housing funding.

(3) The local government of a pilot project site selected by the commission may authorize a mix of affordable housing and other housing types on the site, provided that the percentage of affordable housing units developed on the site meets or exceeds requirements specified in rules adopted by the commission pursuant to section 5 (3) of this 2016 Act.

SECTION 8. (1) The local government of a pilot project site selected by the Land Conservation and Development Commission under section 4 of this 2016 Act may not plan or zone the site to allow a use or mix of uses not authorized under sections 2 to 9 of this 2016 Act unless the local government withdraws the pilot project site from the urban growth boundary and rezones the site pursuant to law, statewide land use planning goals and land use regulations implementing the goals that regulate allowable uses of land outside urban growth boundaries.

(2) A local government may not use sections 2 to 9 of this 2016 Act to bring high-value farmland, as determined by the commission, within its urban growth boundary.

(3) The inclusion of pilot project sites dedicated to affordable housing within an urban growth boundary pursuant to sections 2 to 9 of this 2016 Act does not authorize a local government to convert buildable lands within the urban growth boundary that are planned for needed housing, as defined in ORS 197.303, to other uses.

(4) Notwithstanding ORS 197.309 (1), for a pilot project site selected under section 4 of this 2016 Act, and affordable housing developed on a selected pilot project site, a local government may take any action described in ORS 197.309 that has the effect of establishing the sales price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale to a particular class or group of purchasers.

(5) Sections 2 to 9 of this 2016 Act do not constitute a statutory contract. A pilot project site selected under section 4 of this 2016 Act and affordable housing developed on a selected pilot project site remain subject to new or additional regulatory requirements authorized by law, statewide land use planning goals and land use regulations implementing the goals.

(6) As used in this section, "lot" and "parcel" have the meanings given those terms in ORS 92.010.

SECTION 9. The Land Conservation and Development Commission shall report on the progress of the pilot program, in the manner provided in ORS 192.245, to the committees of the Legislative Assembly related to housing and human services:

(1) At least once during each of three consecutive regular sessions of the Legislative Assembly, beginning with the 2017 regular session of the Legislative Assembly; and

(2) At least once following adjournment sine die of the regular sessions of the Legislative Assembly described in subsection (1) of this section, but no later than the convening of the next regular session of the Legislative Assembly.

SECTION 10. There is appropriated to the Department of Land Conservation and Development, for the biennium beginning July 1, 2015, out of the General Fund, the amount of \$100,000 for the purpose of carrying out the provisions of sections 2 to 9 of this 2016 Act.

SECTION 11. This 2016 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect on its passage.

Passed by House March 1, 2016

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate March 2, 2016

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2016

Approved:

.....M,....., 2016

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2016

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Jeanne P. Atkins, Secretary of State